

HAWAII REAL ESTATE COMMISSION
SALESPERSON'S PRELICENSING CURRICULUM
Revised October 1992
Approved and Adopted January 1993

- I. THE REAL ESTATE BUSINESS (B-1, 1/2 hour)
- A. Identify real estate career opportunities that are permitted under a real estate license.
 - B. Identify the names of major professional real estate organization. (Hand out a list of major organizations and their designations.)
 - C. Help understand the differences between the real estate regulatory agency and a professional trade organization. Observe that real estate regulatory agencies impose mandatory requirements that must be fulfilled in order to maintain a license. Professional organizations, on the other hand, are voluntary. While membership leads to greater professionalism, lack of membership does not prevent one from engaging in business.
 - D. Sources of Information
 - 1. State agencies
 - 2. County agencies
 - 3. Federal agencies
 - 4. Other
 - a. Professional organizations
 - b. Hawaii Real Estate Research and Education Center
- II. LICENSE LAWS (B-3, 2-1/2 hours)
- A. Help understand that Hawaii state law consists of both statutes and administrative rules. Copies of pertinent provisions should be made available to the students. Coverage should be given to:
 - 1. Chapter 436B, HRS - Uniform Professional and Vocational Licensing Act.
 - 2. Chapter 467, HRS - Real Estate Brokers and Salespersons
 - 3. Title 16 - Department of Commerce and Consumer Affairs, Chapter 99, Hawaii Administrative Rules - Real Estate Brokers and Salespersons.
 - B. Distinguish among the Hawaii Real Estate Commission, the Regulated Industries Complaints Office, and the Department of Commerce and Consumer Affairs. Describe the responsibilities and the authority of these entities.
 - C. Chapter 436B, HRS - Uniform Professional and Vocational Licensing Act.
 - 1. Help understand that this chapter covers all licensed professions under DCCA.
 - 2. Focus should be directed to Section 436B-19 - Grounds for revocation, etc. of license. Each of the provisions should be covered. Special attention might be directed to subsection (6) which deals with "Aiding and Abetting an unlicensed person to directly or indirectly perform activities requiring a license." (Learning level B-4)
 - D. Chapter 467, HRS - Real Estate Brokers and Salespersons.
 - 1. Key definitions include "real estate", "real estate broker", "real estate salesperson". Also discuss what is meant by "principal broker" and "broker-in-charge."

2. Describe the general license requirements for a salespersons and broker's license. Also note that real estate schools and instructors also are regulated. Note the regulations regarding the license requirements regarding the operation of condo-hotels. Describe the penalty for acting as a broker or salesperson without license.
 3. List the real estate activities that require a license and those that do not require licensure.
 4. Describe the powers and duties of the Real Estate Commission.
 5. Describe licensing application and procedures.
 6. Note what is meant by a "place of business."
 7. Analyze Section 467-14 - "Revocation and suspension of licenses."
 - a. Misrepresentation
 - b. Improper dual representations
 - c. Violating rules and regulations
 - d. Commingling
 - e. Failing to ascertain and disclose material facts
 - f. Duration of revocation or suspension
 8. Describe general ethical considerations and industry standards.
 9. Describe procedures for disciplinary actions. Include a discussion of the role of the Regulated Industries Complaints Office (RICO).
 10. Describe how the real estate recovery fund operates.
- E. Real Estate Rules and Regulations in Title 16, Chapter 99 should be discussed in detail after basic concepts are discussed so that the relevancy of the rules can be established.

III. PROPERTY DESCRIPTION AND CHARACTERISTICS (B-3, 2 hours)

- A. Describe and give examples of land, real estate, real property and personal property.
- B. Explain the factors which determine whether or not something is land, real estate, real property or personal property.
- C. Describe the physical, economic and use characteristics of real estate.
- D. Describe air rights, surface rights and subsurface rights as well as various elements such as gas, oil, minerals, geothermal, trees, crops.
- E. Describe fixtures.
- F. Describe trade fixtures.
 1. Identify the criteria established for determining whether or not an object is a fixture.
- G. Describe water rights, including riparian rights, littoral rights.
- H. Describe the legal rights (bundle of rights) that attach to the ownership of real property.
- I. Explain private property rights versus public and private controls.
- J. Explain the four methods used to generate a legal description of property.
 1. Government survey
 2. Plat and Parcel
 3. Metes and bounds
 4. Tax Map Keys (TMK)
- K. Discuss boundary line problems in special situations such as ocean boundaries, Hawaiian fishing ponds, Kuleanas.

- L. Surveys and encroachments.
- M. Explain how condominiums are described.

IV. REAL ESTATE ECONOMICS (B-2, 1 hour)

- A. Discuss implications of real estate in an island economy. Discuss the implications of an economy based on the visitor industry.
- B. Identify the factors that affect the supply and demand of real estate.
- C. Define and give examples of economic value and market value.
- D. Describe characteristics of the real estate market.
- E. Describe a real estate cycle in Hawaii and determine the position of the current local real estate market in this cycle.
- F. Help understand that the real estate market in Hawaii is different on each island.

V. REAL PROPERTY INTERESTS (B-2, 2-1/2 hours)

- A. Describe the historical evolution of the feudal system to the allodial system of private ownership.
- B. Discuss the implications of Hawaiian history on the present use of land.
 - 1. Before the Great Mahele
 - 2. The Great Mahele
 - a. Royal Patent
 - b. Land Patent
 - c. Kamehameha deeds
 - 3. The leasehold system and the Land Reform Act of 1967
- C. Describe Government limitation on ownership of real estate.
- D. Describe the two major classifications of estates in land - freehold and leasehold.
- E. Define the freehold estates of fee simple, determinable fee and fee simple subject to condition subsequent.
- F. Describe a conventional life estate.
- G. Explain the difference between a remainder interest and a reversionary interest.
- H. Describe legal life estates and give examples of curtesy, dower, homestead and community property.
- I. Define and explain leasehold estate in Hawaii.
 - 1. Lessors-lessees
 - 2. Rent renegotiations
 - 3. Surrender clause
 - 4. Other important terms
 - 5. Disclosure requirements

6. Land Reform Act of 1967
 - a. Single family homes
 - b. Non-applicability to condominiums and co-ops
 - c. Ethical issues regarding attempts to circumvent law

- J. Differentiate between physical and financial encumbrances as well as voluntary and involuntary liens.
 1. Define lien.
 2. Describe and give examples of the following liens:
 - a. Voluntary
 - b. Involuntary
 - c. Statutory
 - d. Equitable
 - e. General
 - f. Specific

- K. Describe and explain the effects of a lien as an encumbrance on title to real property.
 1. Describe a mortgage lien.
 2. Explain the basis and general operation of the mechanic's lien.
 3. Describe property tax liens and assessments.
 4. Explain how a judgment can be entered and executed against a property.
 5. Identify other types of liens and describe their effect on title.

- L. Describe the priority of liens.

- M. Define and give examples of a deed restriction.

- N. Define an easement including an easement appurtenant and an easement in gross.

- O. Describe how easements may be created, including mutual agreement, necessity, prescription, condemnation and implication.

- P. Describe how easements may be terminated.

- Q. Define and give an example of a license (e.g., temporary right to occupy space).

- R. Define and give an example of an encroachment.

- S. Explain rights to beach access and other entry rights.

VI. FORMS OF OWNERSHIP AND TRANSFER OF OWNERSHIP (B-2, 3-1/2 hours)

- A. Define ownership in severalty (individual).

- B. Define other forms of co-ownership including:
 1. Community property;
 2. Joint tenancy;
 3. Tenancy by the entirety;
 4. Tenancy in common;
 5. Dower and curtesy; and
 6. Land trusts.

- C. Define business or group ownership
 1. Partnerships
 2. Joint venture
 3. Corporations
 4. Cooperatives (co-ops)

5. Condominiums (condos)
 6. Syndications (huis)
 7. Real Estate Investment Trusts (REITs)
- D. Explain tax advantages and disadvantages of ownership.
- E. Explain the Condominium Property Regime (CPR)
1. Know that the CPR is under Section 514A and explain the difference with cooperative.
 2. Explain basic definitions.
 3. Explain what is in a declaration, by-laws and house rules.
 4. Describe what is in a public report and explain condominium disclosure requirements and buyer rights to cancel.
 5. Explain what documents must be maintained by an association.
 6. Help understand the duties of officers and members of board of directors.
 7. Describe the basic rules on condominiums budgets and reserves.
 8. Explain the role and duties of managing agents.
 9. Explain the rules of sales to owner-occupants.
 10. Describe the right of first refusal when a leased fee is offered for sale.
 11. Explain the arbitration of disputes procedures.
 12. Note that there is a condo education fund and that information can be obtained from the commission's "condominium specialist."
- F. Describe time-sharing plans and how these are regulated.
1. Definition
 2. Ownership interests
 3. Right to use
- G. Describe how ownership of property is transferred.
1. Land sale - during lifetime
 2. Public grant
 3. Private grant
 4. Authority of law (Descent)
 5. Wills
 6. Authority of law
 - a. Lien enforcement
 - b. Adverse possession
 7. Dower and curtesy
 8. Elective share
- H. Describe how property associated with drug activity or other illegal activities is subject to seizure and forfeiture (Federal and Hawaii laws).

VII. LAND USE CONTROLS (B-2, 3 hours)

- A. Describe Hawaii's land use classification system the role of the state and county governments.
1. Four categories of land use (Land Use Commission)
 2. County system
- B. Identify land use controls utilized in Hawaii.
1. Police Power
 - a. Planning (State and County)
 - 1) Purposes
 - 2) Procedures
 - a) Development
 - b) Implementation

- b. Zoning
 - 1) Purpose and definition
 - 2) Legal processes (include implication of state classification)
 - 3) Special conditions
 - a) Variance
 - b) Special use permit
 - c) Zoning changes
 - d) Non-conforming use
 - e) Spot zoning
 - 2. Subdivision regulations
 - a. Requirement for planning
 - b. Uniform Land Sales Practices Act
 - 3. Building Regulations
 - 4. Eminent domain
 - a. Condemnation
 - b. Adverse possession
 - c. Land Reform Act
 - 5. Taxation
 - 6. Escheat
- C. Describe Federal and State Environmental regulations.
 - 1. Federal Water Pollution Control Act. (Wetlands)
 - 2. The Resource Conservation and Recovery Act of 1976 (hazardous waste management)
 - 3. Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA or "superfund")
- D. Define and give examples of private land use controls through deed restrictions.
- E. Define and give examples of direct public ownership of land.
- F. Land Use Initiatives.

VIII. LAW OF AGENCY (B-3, 3 hours)

- A. Define agency and fiduciary relationships.
 - 1. Explain the responsibility of brokers for actions of agents even if they are acting as "independent contractors".
 - 2. Define who is a principal - show the difference between a "client" and a "customer".
 - 3. Describe the different classifications of agency relationships - universal, general and special.
- B. Real Estate Commission conduct rules in Section 16-99-3.
- C. Describe the creation of an agency relationship.
 - 1. Define sub agency
 - 2. Define single agency and dual agency.
 - 3. Buyer Agency
 - 4. Show how a dual agency can be created accidentally.
- D. Describe the authority, duties and responsibilities of a real estate agent.
 - 1. Describe the difference between the seller a principal and the buyer as principal.
 - 2. Describe the agent's duties to third person.

- E. Describe that agents can be created to carry out functions such as:
 - 1. Sales
 - 2. Trade/exchange
 - 3. Leasing
 - 4. Management
- F. Describe duties and consequences of breach of duties.
 - 1. Agent
 - a. Reasonable skill and care (note: This includes duties to ascertain and disclose material facts)
 - b. Accounting
 - c. Loyalty
 - d. Acting with authority
 - 2. Principal
 - a. Give opportunity to perform
 - b. Do not capriciously terminate employment
 - c. Compensation
 - d. Cannot give illegal instructions
- G. Discuss agency disclosure requirements under HRS Section 467-14(12) and under Section 16-99-3.1.
 - 1. Written disclosures
 - a. Disclosure letters to buyers and seller
 - b. Paragraph is standard form DROA
 - c. Agency disclosure addenda
 - 2. Help understand common agency disclosure situations
 - 3. Handling in-house sale

IX. LAW OF CONTRACTS (B-2, 3 hours)

- A. Define the essential elements of a contract.
 - 1. Mutual agreement
 - 2. Competent parties
 - 3. Offer and acceptance
 - 4. Consideration
 - 5. Contractual ability
 - 6. Legal purpose
 - 7. Description of property
 - 8. Signatures
 - 9. Settlement date
- B. Examples of real estate contracts, listings.
- C. Help understand key definitions.
 - 1. Describe the difference between an express contract (both written and oral) and an implied contract.
 - 2. Describe the difference between a bilateral contract and a unilateral contract.
 - 3. Explain the difference between a contract being executed or executory.
 - 4. Define and give examples of the legal status of contracts - valid, void, voidable and unenforceable.
- D. Describe the manner in which a contract can be terminated.
- E. Define assignment and novation - explain the difference between assignment and novation.
- F. Explain the remedies when a breach of contract occurs.

- G. Define Statute of Frauds.
 - H. Explain how antitrust laws affect the real estate broker and the penalties for violating them.
 - 1. Price fixing
 - 2. Group Boycotting
 - I. Define and describe the purpose of a listing contract.
 - 1. Describe the types of listing contracts.
 - a. Net
 - b. Open
 - c. Exclusive agency
 - d. Exclusive right to sell
 - 2. Describe the role of multiple listing service arrangements.
 - 3. Describe the common provisions in a listing contract.
 - 4. Describe the broker's entitlement to a commission.
 - 5. Describe the ways in which a listing contract may be terminated.
 - 6. Describe the remedies for breach of a listing contract.
 - 7. Indicate pitfalls in listing preparation.
 - a. What generally needs to be disclosed
 - b. What are salesperson's liabilities
 - c. How to ask about conditions
 - d. How to check for encroachments
 - e. Other material facts that must be ascertained including whether seller falls under HARPTA and/or FIRPTA
 - J. Define and describe the purpose of the sales contract.
 - 1. Describe the key provisions in a sales contract.
 - 2. Describe the ways in which a sales contract may be terminated.
 - 3. Describe the remedies for breach of a sales contract.
 - K. Discuss the significance of contingencies.
 - L. Define and give examples of option agreements.
 - M. Define and give examples of agreements of sale.
 - N. Define and give examples of lease agreements.
 - O. Discuss the matter of unauthorized practice of law.
- X. WORKING WITH THE STANDARD HAWAII FORM (DROA) (B-4, 1-1/2 hours)
- A. Help understand the basic DROA forms including standard terms and commonly used addenda (Use latest forms).
 - B. Be able to explain how funds, including deposits, will be handled in the event of default or cancellation.
 - C. Help understand what should be considered in making an offer.
 - 1. Financing options
 - 2. Closing costs
 - 3. Contingencies
 - 4. Recommendation of escrow company or lender
 - 5. Property boundaries
 - 6. Disclose any participation in sale
 - 7. Buyer's signature and date

8. Relevant dates
 - a. Closing date
 - b. Occupancy date
 - c. Proration date
 - d. Offer date
 - e. Vesting of title
- D. Know standards of practice.
 1. Review of offer by broker
 2. Copy of offer to buyer
 3. Moving with a sense of immediacy
 - a. Present all offers to seller as a matter of top priority
 - b. Upon acceptance promptly deliver to buyer for acknowledgment of acceptance
 4. Leave copies with buyer
- E. Help understand how to make counter offers.
- F. Help understand what to do when there is an acceptance.
- G. Help understand what to do if there is a rejection.
- H. Help understand how to use addenda.
- I. Help understand the necessity to remain familiar with standard forms which may change periodically.

XI. MORTGAGE CONCEPTS (B-2, 2-1/2 hours)

- A. Describe the concept of mortgage lending.
 1. Qualifying the buyer
 - a. Applicant information
 - b. Income and employment information
 - c. Down payment information
 - d. Credit information
 - e. FHLMC qualifying guidelines
 2. Qualifying the property
 - a. Single family homes
 - b. Condominiums
 - c. Stigmatized properties
 3. The loan application and escrow
 4. Approval of loan
 5. Servicing the debt
- B. List and describe the major sources of residential financing.
- C. Define basic real estate finance terms or concepts:
 1. Acceleration clause
 2. Alienation clause
 3. Amortization/negative amortization
 4. Assignment
 5. Assumption
 6. Balloon Payment
 7. Beneficiary
 8. Conventional loan
 9. Deed of Trust
 10. Defeasance clause

11. Deficiency judgment
12. Discount points
13. Due on sale clause
14. Escalation
15. Financing instrument
16. FHA insured mortgage
17. Grantor
18. Guaranteed loan
19. Hypothecate
20. Insured loan
21. Late charges
22. Mortgage
23. Mortgagor/Mortgagee
24. Non-recourse loans
25. Note
26. Prepayment penalty
27. Redemption
28. Reinstatement
29. Reserves (ability of collect)
30. Satisfaction
31. Security instrument
32. Subordination
33. Trustee
34. VA guaranteed mortgage

D. Help understand the purpose of different mortgage instruments.

1. Satisfaction of mortgage
2. Extension of mortgage
3. Assignment of mortgage
4. Release of mortgage
5. Subordination of mortgage
6. Certificate of reduction of mortgage
7. Estoppel certificate
8. Mortgage consolidation agreement
9. Mortgage spreading agreement
10. Collateral bond

E. Describe the difference between a mortgage, a deed of trust and an agreement of sale.

F. Help understand basic lending regulations and laws.

1. Truth-In-Lending Act (Regulation Z) - understand the three disclosures that must be made.
2. Real Estate Settlement Procedures Act (RESPA) - understand disclosures required and prohibited practices.
3. Usury laws
4. Equal Credit Opportunity Act
5. Federal Flood Insurance Program

G. Explain the provisions of the mortgage document or trust deed.

H. Define foreclosure.

1. Mortgages
2. Land contracts
3. Redemption
 - a. Equity of redemption
 - b. Statutory redemption

- I. Explain procedures and effects of the "assumption" of an existing mortgage and the purchase "subject to" existing mortgage.

XII. REAL ESTATE FINANCING (B-3, 2 hours)

- A. Help understand the trade-off among basic financing variables.
 - 1. Loan-to-value ratio (LTV)
 - 2. Interest rate
 - 3. Term
 - 4. Amortization
- B. Be able to describe the financing differences of conventional, FHA, and VA loans.
- C. Primary and Secondary Mortgage Market.
- D. Understand why "points" are charged and how to calculate these.
 - 1. MIP
 - 2. PMI
 - 3. Discount points
- E. Help understand how to qualify borrowers for different kinds of loans.
- F. Help understand Fixed Rate mortgages.
- G. Understand different types of adjustable rate mortgages and what financial terms need to be evaluated including how an ARM can be converted to a fixed rate mortgage.
- H. Help understand graduated payment mortgages.
- I. Help understand how a "lock-in" is used.
- J. Help understand how participation mortgages work.
 - 1. Shared appreciation mortgage
 - 2. Share equity mortgage
- K. Second mortgages.
 - 1. Wrap-around mortgages
 - 2. Agreements of sale

XIII. REAL ESTATE VALUATION (B-1, 2 hours)

- A. Define value.
- B. Describe different concepts of value.
- C. Explain the difference between market value, market price and cost.
- D. Explain the basic principles of value.
- E. Explain the concept of "highest and best use".
- F. Define the three approaches to value and give examples of the general use of each.
 - 1. Market data approach
 - 2. Cost approach
 - 3. Income approach (including Gross Rent Multiplier)

- G. Explain the difference between reproduction cost and replacement cost.
- H. Explain measurement techniques used in Hawaii.
- I. Define basic building terminology (see listing contracts).
- J. Define the basic concepts of depreciation.
- K. Basic concepts of leasehold valuation.
- L. Explain the federal and state license laws that regulate appraisers.
 - 1. Know that Hawaii complies with the requirements of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) which mandates state licensing and certification of appraisers.
 - 2. Explain the difference between state licensed appraisers and state certified appraisers.
 - 3. Know that brokers may give opinions of value if they do not call these "appraisals" and do not charge a fee.
 - 4. Know that licensed and certified appraisers must comply with the "Uniform Standards of Professional Practice" (USPAP).
- M. Professional Appraisal Organization and designations.
 - 1. Appraisal Institute - MAI
 - 2. American Society of Appraisers - ASA
 - 3. Other

XIV. REAL ESTATE TAXES AND REPORTING REQUIREMENTS (B-1, 3 hours)

- A. Explain Local Property Taxes.
 - 1. Assessment on land
 - 2. Assessment on improvements
 - 3. Exemptions
 - 4. Dedications (agriculture and residential)
 - 5. How taxes are calculated
- B. Define special assessment.
- C. Describe the procedure for appealing tax assessments and enforcement of tax liens.
- D. Other taxes.
 - 1. General Excise Tax
 - 2. Transient Accommodations Tax
 - 3. Conveyance Tax
- E. Describe who must withhold funds pursuant to the Foreign Investment in Real Property Tax Act (FIRPTA).
- F. Explain who must withhold funds pursuant to the Hawaii Real Property Tax Act (HARPTA).
- G. Explain how Federal reporting requirements impact foreign buyers or sellers.
 - 1. The International Investment and Trade in Services Survey.
 - 2. Agricultural Foreign Investment Disclosure Act of 1978.
 - 3. The Currency and Foreign Transactions Reporting Act of 1970.
- H. Help understand Basic Income Tax Concepts.
 - 1. Depreciation
 - 2. Permitted Deductions for different classes of property

3. Tax Deferral methods
 - a. 1031 "tax free" exchanges
 - b. Rollover of primary residence
 - c. Other
4. Estate taxes

XV. DEEDS AND OTHER MEANS OF ACQUIRING PROPERTY (B-1, 1 hour)

- A. Define "title".
- B. Define the methods of transferring title.
- C. Identify ways in which title to real property may pass involuntarily.
- D. List and explain the essential requirements of a valid conveyance.
- E. Identify and describe types of deeds.
 1. General warranty
 - a. Covenant of seisin
 - b. Covenant against encumbrances
 - c. Covenant of quiet enjoyment
 - d. Covenant of further assurance
 - e. Warranty forever
 2. Special warranty deed
 3. Quit claim deed
 4. Gift deed
 5. Executor's deed
 6. Commissioner's deed in foreclosure
 7. Commissioner's deed in partition
 8. Administrator's deed
 9. Guardian's deed
- F. Describe the elements of a deed.
 1. Written instrument
 2. Date
 3. Legal capacity of grantor
 4. Grantee
 5. Recital of consideration
 6. Words of conveyance
 7. Habendum clause
 8. Description
 9. Reservations and exceptions
 10. Warranties and covenants
 11. Grantor's signature
 12. Delivery and acceptance
 13. Acknowledgment
 14. Recordation
 - a. Bureau of Conveyances
 - b. Land court
 - c. Constructive notice/actual notice
- G. Describe assignment of leases.
- H. Explain why covenants and conditions in a deed cannot be used as a means of discrimination.

XVI. CLOSING/SETTLEMENT PROCEDURES (B-1, 1-1/2 hours)

- A. Explain title examination procedures.
- B. Explain the purpose for title insurance.
- C. Describe the different types of title policies.
- D. Explain a chain of title.
- E. Explain how the Uniform Commercial Code affects a real estate transfer.
- F. Define title recordation.
 - 1. Regular registration - Bureau of Conveyance
 - 2. Land court registration process
- G. Considerations at closing and settlement. (Note: This material reiterates previous sections)
 - 1. Evidence of title
 - 2. Survey
 - 3. Closing costs and computation of
 - 4. Termite inspection
 - 5. Seller's limited warranty
 - 6. Risk of loss and insurance
 - 7. Default
 - 8. Closing date
 - 9. Consent
 - 10. Time is of the essence
 - 11. Obligation
 - 12. Conflict
 - 13. MLS
 - 14. Complete agreement
 - 15. Occupancy date
 - 16. Prorations and computation of
 - 17. Tenancy statement
 - 18. Special provisions
 - a. General
 - b. Agreement of sale
 - 19. Agreement to buy
 - 20. Acceptance
 - a. Brokerage fee agreement
 - b. Acceptance acknowledgment
- H. Duties and responsibilities of Escrow
Interplead rights of escrow agent

XVII. RESIDENTIAL LANDLORD TENANT CODE (HRS 521) (B-1, 1/2 hour)

- A. Define lease as both a conveyance and a contract.
- B. Understand how HRS 521 creates rights and obligations in residential leases.
 - 1. Define tenant and describe tenant's responsibilities under HRS 521.
 - 2. Define landlord and describe landlord's responsibilities under HRS 521.
- C. Compare the four types of leasehold tenancies.
 - 1. Tenancy for years.
 - 2. Tenancy from period to period.

3. Tenancy at will.
 4. Tenancy at sufferance.
 5. Understand rules in Hawaii Rental agreements - oral or written
 - a. Written tenancy (month to month)
 - b. Lease (fixed length)
- D. Describe basic provisions in a residential rental agreement.
1. payment of rent
 2. Notice of rent increase
 3. Notice of termination
 4. Repairs
 5. Security deposits
- E. Tenant remedies.
- F. Explain ways in which a lease agreement may be terminated.
- G. Note that many areas are not covered by the residential landlord-tenant code.

XVIII. REAL ESTATE PROPERTY MANAGEMENT AND LEASING (B-2, 3 hours)

- A. Licensing requirements.
- B. Define the purpose of property management.
- C. Explain the relationship between the owner and property manager.
- D. Explain the relationship between the property manager and the tenant.
- E. Explain the role and typical responsibilities of the property manager.
1. Collection of rents
 2. Maintenance of property
 3. Handling of funds
 4. Insurance coverages
 - a. Worker's compensation
 - b. Fire
 - c. Liability
 - d. Casualty
 - e. Consequential loss
- F. Association Management (see section on condominiums).
- G. Identify and describe types of leases.
1. Fixed lease
 2. Graduated lease
 3. Ground lease
 4. Net lease
 5. Percentage lease
- H. Explain the difference between assignment, sublease and novation.
- I. Define implied covenant of quiet enjoyment.
- J. Describe the principles of the recordation of the lease.

XIX. FAIR HOUSING AND CONSUMER PROTECTION (B-2, 2-1/2 hours)

- A. Describe the purpose of the Civil Rights Act of 1866.
- B. Describe the purpose of the Executive Order No. 11063.
- C. Describe the purpose of the Civil Rights Act of 1964.
- D. Describe the purpose of the Fair Housing Act of 1968.
- E. Describe the purpose of the Fair Housing Act Amendment of 1988.
- F. Describe the purpose of HRS 515.
- G. Define and give examples of blockbusting and steering.
- H. Define and give examples of redlining.
- I. Describe exemptions to the Fair Housing Laws.
- J. Identify the state and federal agencies responsible for the enforcement of the Fair Housing Laws.
- K. Describe the penalties for those who violate the Fair Housing Laws.
- L. Americans with Disabilities Act.
- M. Describe other rights provided to consumers in real estate transactions.

XX. ETHICS AND REAL ESTATE REGULATIONS (B-5, 2-1/2 hours)

- A. Real Estate Rules and Regulations are found in Title 16 - Department of Commerce and Consumer Affairs, Chapter 99 - Real Estate Brokers and Salespersons.
- B. Analyze major provisions in Section 16-99-3 - Conduct. Discuss the spirit and intent of these rules. Give cases examples of how some of the major conduct provisions are violated.
- C. Review the intent of the agency disclosure rules (Note that a complete discussion of these rules should be made in conjunction with a discussion of agency itself).
- D. Review trust accounts and handling of client funds.
- E. Explain notification and filing of names, addresses, and changes and other technical rules dealing with the license.
- F. Explain advertising rules.
- G. Explain direct management and supervision of real estate activities.
- H. Review NAR Code of Ethics or other code of ethics of a professional real estate association.